

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Spaulding Township	County Saginaw
Audit Date March 31, 2006	Opinion Date May 4, 2006	Date Accountant Report Submitted to State: June 6, 2006	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

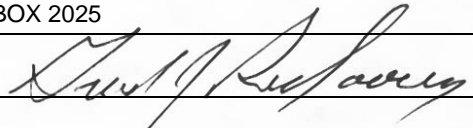
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

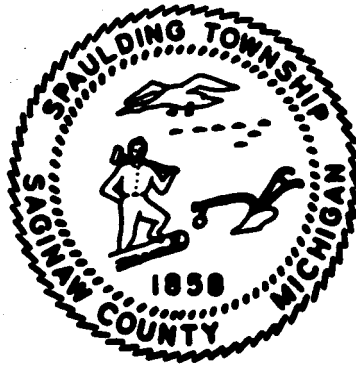
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) REHMANN ROBSON GERALD J. DESLOOVER, CPA			
Street Address 5800 GRATIOT, PO BOX 2025	City SAGINAW	State MI	Zip 48605
Accountant Signature 			



Spaulding Township
Saginaw County, Michigan

Financial Statements

For the Year Ended March 31, 2006

SPAULDING TOWNSHIP

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REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

INDEPENDENT AUDITORS' REPORT

May 4, 2006

To the Township Board
Spaulding Township
Saginaw, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of ***Spaulding Township***, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of ***Spaulding Township's*** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of ***Spaulding Township***, as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General Fund, Police Fund and Cass River Dike Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis listed in the table of contents on pages 3-8, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise *Spaulding Township's* basic financial statements. The combining and individual nonmajor fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Lohman". The script is cursive and fluid, with the first name "Lehmann" and last name "Lohman" clearly distinguishable.

Management's Discussion and Analysis

As management of *Spaulding Township, Michigan*, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2006. We encourage readers to consider the information presented here.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported at *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected special assessments).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*government activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The government activities of the Township include general government, public safety, public works and parks and recreation. The business-type activities of the Township include sewer and water operations.

The government-wide financial statements can be found on pages 9-11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, police, and Cass River dike, each of which are considered to be major funds. Data from the two other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 12-18 of this report.

Proprietary funds. The Township maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township used enterprise funds to account for its water district 1, water district 2 and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water district 1, water district 2 and sewer operations, all of which are considered to be major funds of the Township.

The basic proprietary fund financial statements can be found on pages 19-21 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-36 of this report.

Other Information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the accompanying notes. Combining and individual fund statements and schedules can be found of pages 37-45 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. As show on the following chart, the Township's assets exceeded liabilities by \$3,104,462 at the end of the fiscal year.

The net assets are separated into two major components; invested in capital assets (e.g., buildings, equipment and vehicles), which amounted to \$1,528,765 or 49% of net assets and unrestricted net assets of \$1,575,697 or 51% of net assets. Unrestricted net assets may be used to meet the government's ongoing obligations to its programs.

Spaulding Township's Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2005	2006	2005	2006	2005	2006
Current and other assets	\$ 529,775	\$ 541,020	\$ 983,269	\$1,113,335	\$1,513,044	\$ 1,654,355
Capital Assets	578,928	549,002	1,681,701	1,680,852	2,260,629	2,229,854
Total assets	1,108,703	1,090,022	2,664,970	2,794,187	3,773,673	3,884,209
Long-term liabilities	-	-	645,000	671,490	645,000	671,490
Other liabilities	58,358	35,488	53,229	72,769	111,587	108,257
Total liabilities	58,358	35,488	698,229	744,259	756,587	779,747
Net Assets						
Invested in capital assets, net of related debt	552,935	549,002	1,009,701	979,763	1,562,636	1,528,765
Unrestricted	497,410	505,532	957,040	1,070,165	1,454,450	1,575,697
Total net assets	\$1,050,345	\$1,054,534	\$1,966,741	\$2,049,928	\$3,017,086	\$3,104,462

Spaulding Township's Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2005	2006	2005	2006	2005	2006
Revenues:						
Program revenue:						
Charges for services	\$ 89,558	\$ 90,991	\$ 332,653	\$ 373,290	\$ 422,211	\$ 464,281
Operating grants and contributions	197,908	181,572	-	-	197,908	181,572
Capital grants and contributions	-	10,050	-	-	-	10,050
General revenues:						
Property taxes	230,721	251,734	27,442	75,110	258,163	326,844
Unrestricted investment earnings	5,769	11,592	4,817	13,990	10,586	25,582
Miscellaneous general revenues	16,105	9,797	4,212	6,573	20,317	16,370
Total revenues	540,061	555,736	369,124	468,963	909,185	1,024,699
Expenses:						
Legislative	54,648	56,777	-	-	54,648	56,777
General government	213,699	179,124	-	-	213,699	179,124
Public safety	139,712	137,684	-	-	139,712	137,684
Public works	145,205	148,989	-	-	145,205	148,989
Culture and recreation	18,058	21,286	-	-	18,058	21,286
Interest on debt	2,664	978	-	-	2,664	978
Water District 1	-	-	227,811	85,868	227,811	85,868
Water District 2	-	-	156,593	153,545	156,593	153,545
Sewer	-	-	-	146,363	-	146,363
Total expenses	573,986	544,838	384,404	385,776	958,390	930,614

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2005	2006	2005	2006	2005	2006
Increase (decrease) in net assets	\$ (33,925)	\$ 10,898	\$ (15,280)	\$ 83,187	\$ (49,205)	\$ 94,085
Net assets, beginning of year, restated	1,084,270	1,043,636	1,982,021	1,966,741	3,066,291	3,010,377
Net assets, end of year	\$1,050,345	\$1,054,534	\$1,966,741	\$2,049,928	\$3,017,086	\$3,104,462

The Township took an active roll in decreasing spending during the current year, therefore the increase in net assets from the prior year to the current year.

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$452,343, all of which is available for spending at the government's discretion.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, total fund balance of the general fund was \$327,508. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 71% of total general fund expenditures and transfers out.

The fund balance of the Township's general fund increased \$13,229 in the current year. This increase is primarily attributed to the decrease in spending.

Proprietary funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

General Fund Budgetary Highlights

Differences between the original and final amended budgets for expenditures were relatively minor and the adjustments were made as a part of the Township's budget procedures to address changes in activity during the year.

Budget to actual comparisons for the Township's general fund were generally favorable

Capital Asset and Debt Administration

Capital Assets. The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2006, amounted to \$2,229,854 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and vehicles.

	Spaulding Township's Capital assets (net of depreciation)		
	Governmental Activities	Business-type Activities	Total
Land	\$ 53,131	\$ 500	\$ 53,631
Buildings	340,926	16,080	357,006
Equipment	46,785	11,383	58,168
Vehicles	108,160	-	108,160
Mains	-	1,652,889	1,652,889
Total	\$ 549,002	\$ 1,680,852	\$ 2,229,854

Additional information on the Township's capital assets can be found in note III C on pages 31-32 of this report.

Long-term debt. At the end of the current fiscal year, the Township had total bonded debt outstanding of \$701,089. Additional information on the Township's long-term debt can be found in note III E on page 34 of this report.

Request for information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Township Treasurer, 5025 East Road, Saginaw, Michigan 48601.

SPAULDING TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2006

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 386,144	\$ 379,618	\$ 765,762
Investments	4,000	130,000	134,000
Accounts receivable	128,617	596,383	725,000
Internal balances	14,254	(14,254)	-
Prepaid items and other assets	-	18,077	18,077
Inventory	-	2,464	2,464
Restricted cash	8,005	1,047	9,052
Capital assets, net:			
Assets not being depreciated	53,131	500	53,631
Assets being depreciated	495,871	1,680,352	2,176,223
Total assets	1,090,022	2,794,187	3,884,209
Liabilities			
Accounts payable	17,698	38,182	55,880
Accrued liabilities	17,790	4,988	22,778
Noncurrent liabilities:			
Due within one year	-	29,599	29,599
Due in more than one year	-	671,490	671,490
Total liabilities	35,488	744,259	779,747
Net Assets			
Invested in capital assets, net of related debt	549,002	979,763	1,528,765
Unrestricted	505,532	1,070,165	1,575,697
Total net assets	\$ 1,054,534	\$ 2,049,928	\$ 3,104,462

The accompanying notes are an integral part of these financial statements.

**SPAULDING TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2006**

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 56,777	\$ -	\$ -	\$ -	\$ (56,777)
General government	179,124	87,632	181,572	4,800	94,880
Public safety	137,684	3,359	-	5,250	(129,075)
Public works	148,989	-	-	-	(148,989)
Recreation and culture	21,286	-	-	-	(21,286)
Interest on debt	978	-	-	-	(978)
Total governmental activities	544,838	90,991	181,572	10,050	(262,225)
Business-type activities:					
Water District 1	85,868	118,468	-	-	32,600
Water District 2	153,545	141,445	-	-	(12,100)
Sewer	146,363	113,377	-	-	(32,986)
Total business-type activities	385,776	373,290	-	-	(12,486)
Total primary government	\$ 930,614	\$ 464,281	\$ 181,572	\$ 10,050	\$ (274,711)

continued...

SPAULDING TOWNSHIP
STATEMENT OF ACTIVITIES (CONCLUDED)
FOR THE YEAR ENDED MARCH 31, 2006

Functions/Programs	Primary Government		
	Governmental Activities	Business-type Activities	Total
Changes in net assets			
Net (expense) revenue	\$ (262,225)	\$ (12,486)	\$ (274,711)
General revenues:			
Property taxes / Special assessments	251,734	75,110	326,844
Unrestricted investment earnings	11,592	13,990	25,582
Miscellaneous general revenues	9,797	6,573	16,370
Total general revenues	273,123	95,673	368,796
Change in net assets	10,898	83,187	94,085
Net assets, beginning of year, as restated	1,043,636	1,966,741	3,010,377
Net assets, end of year	\$ 1,054,534	\$ 2,049,928	\$ 3,104,462

The accompanying notes are an integral part of these financial statements.

**SPAULDING TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2006**

	GENERAL	POLICE	CASS RIVER DIKE
<u>ASSETS</u>			
Cash and cash equivalents	\$ 266,912	\$ 12,264	\$ 56,909
Investments	-	-	-
Taxes receivable - delinquent	4,556	3,635	-
Special assessments receivable - current	29,189	-	2,715
Special assessments receivable - long term	-	-	53,189
Accounts receivable - other	1,764	61	204
Due from other funds	14,254	-	-
Due from State	28,692	-	-
Restricted assets - cash	8,005	-	-
<u>TOTAL ASSETS</u>	<u>\$ 353,372</u>	<u>\$ 15,960</u>	<u>\$ 113,017</u>
<u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES			
Accounts payable	\$ 7,211	\$ 1,366	\$ 3,050
Accrued liabilities	13,183	3,711	-
Deferred revenue	-	-	53,189
Customer advance deposits	5,470	-	-
<u>TOTAL LIABILITIES</u>	<u>25,864</u>	<u>5,077</u>	<u>56,239</u>
FUND EQUITY			
Fund balances:			
Unreserved - undesignated:			
General fund	327,508	-	-
Special revenue funds	-	10,883	56,778
<u>TOTAL FUND EQUITY</u>	<u>327,508</u>	<u>10,883</u>	<u>56,778</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 353,372</u>	<u>\$ 15,960</u>	<u>\$ 113,017</u>

The accompanying notes are an integral part of these financial statements.

OTHER GOVERNMENTAL FUNDS		TOTAL	
\$	50,059	\$	386,144
	4,000		4,000
	3,595		11,786
	-		31,904
	-		53,189
	1,017		3,046
	-		14,254
	-		28,692
	-		8,005
<hr/>		<hr/>	
\$	58,671	\$	541,020
<hr/>		<hr/>	

\$	601	\$	12,228
	896		17,790
	-		53,189
	-		5,470
<hr/>		<hr/>	
	1,497		88,677
<hr/>		<hr/>	

	-		327,508
	57,174		124,835
<hr/>		<hr/>	
	57,174		452,343
<hr/>		<hr/>	
\$	58,671	\$	541,020
<hr/>		<hr/>	

SPAULDING TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2006

Fund balances - total governmental funds	\$ 452,343
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Add: Capital assets	865,611
Subtract: Accumulated depreciation	(316,609)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add: Deferred special assessments	<u>53,189</u>
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Net assets of governmental activities	<u><u>\$ 1,054,534</u></u>
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The accompanying notes are an integral part of these financial statements.

SPAULDING TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	GENERAL	POLICE	CASS RIVER DIKE
REVENUES			
Taxes	\$ 57,292	\$ 36,332	\$ -
Special assessments	139,338	-	19,269
Licenses and permits	46,305	-	-
Intergovernmental revenue:			
Federal grants	4,800	-	-
State grants	182,341	-	-
Local grants	-	-	-
Charges for services	3,160	-	-
Fines and forfeitures	110	-	-
Rent	17,977	-	-
Refunds and reimbursements	3,070	-	-
Interest	8,119	207	1,611
Other	9,797	104	-
TOTAL REVENUES	472,309	36,643	20,880
EXPENDITURES			
Legislative	56,777	-	-
General government	177,508	-	-
Recreation and culture	16,997	-	-
Public safety	-	78,475	-
Public works	136,798	-	12,191
Debt service	26,971	-	-
TOTAL EXPENDITURES	415,051	78,475	12,191
REVENUES OVER (UNDER) EXPENDITURES	57,258	(41,832)	8,689
OTHER FINANCING SOURCES (USES)			
Transfer in	-	42,860	420
Transfer (out)	(44,029)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(44,029)	42,860	420
NET CHANGE IN FUND BALANCES	13,229	1,028	9,109
FUND BALANCE, BEGINNING OF YEAR	314,279	9,855	47,669
FUND BALANCE, END OF YEAR	\$ 327,508	\$ 10,883	\$ 56,778

The accompanying notes are an integral part of these financial statements.

OTHER GOVERNMENTAL FUNDS		TOTAL
\$	35,928	\$ 129,552
	-	158,607
	-	46,305
	5,000	9,800
	-	182,341
	250	250
	-	3,160
	-	110
	-	17,977
	3,250	6,320
	1,655	11,592
	5	9,906
	46,088	575,920
	-	56,777
	-	177,508
	-	16,997
	41,897	120,372
	-	148,989
	-	26,971
	41,897	547,614
	4,191	28,306
	749	44,029
	-	(44,029)
	749	-
	4,940	28,306
	52,234	424,037
\$	57,174	\$ 452,343

SPAULDING TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2006

Net change in fund balances - total governmental funds	\$ 28,306
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Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	7,500
Subtract: depreciation expense	(30,717)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Subtract: change in special assessments	(20,184)
---	----------

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add: principal payments on long-term liabilities	25,993
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Change in net assets of governmental activities	\$ 10,898
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The accompanying notes are an integral part of these financial statements.

SPAULDING TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Taxes	\$ 75,700	\$ 75,700	\$ 57,292	\$ (18,408)
Special assessments	128,500	128,500	139,338	10,838
Licenses and permits	50,355	50,355	46,305	(4,050)
Intergovernmental revenue:				
Federal grants	-	-	4,800	4,800
State grants	182,740	182,740	182,341	(399)
Charges for services	3,200	3,200	3,160	(40)
Fines and forfeits	50	50	110	60
Rent	17,000	17,000	17,977	977
Refunds and reimbursements	2,500	2,500	3,070	570
Interest	3,700	3,700	8,119	4,419
Other	8,000	8,000	9,797	1,797
TOTAL REVENUES	471,745	471,745	472,309	564
EXPENDITURES				
Legislative	61,975	61,975	56,777	(5,198)
General government	193,030	193,030	177,508	(15,522)
Recreation and culture	15,975	15,975	16,997	1,022
Public works	157,000	157,000	136,798	(20,202)
Debt service	28,500	28,500	26,971	(1,529)
TOTAL EXPENDITURES	456,480	456,480	415,051	(41,429)
REVENUES OVER (UNDER) EXPENDITURES	15,265	15,265	57,258	41,993
OTHER FINANCING SOURCES (USES)				
Transfer (out)	(32,600)	(32,600)	(44,029)	11,429
NET CHANGE IN FUND BALANCE	(17,335)	(17,335)	13,229	30,564
FUND BALANCE, BEGINNING OF YEAR	314,279	314,279	314,279	-
FUND BALANCE, END OF YEAR	\$ 296,944	\$ 296,944	\$ 327,508	\$ 30,564

The accompanying notes are an integral part of these financial statements.

SPAULDING TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
POLICE FUND
FOR THE YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Taxes	\$ 33,000	\$ 33,000	\$ 36,332	\$ 3,332
Interest	70	70	207	137
Other	80	80	104	24
TOTAL REVENUES	33,150	33,150	36,643	3,493
EXPENDITURES				
Salaries and wages	51,000	51,000	54,113	3,113
Fees and per diem	1,000	1,000	975	(25)
Fringe benefits	9,250	9,250	9,719	469
Operating supplies	300	300	119	(181)
Uniforms	500	500	517	17
Memberships and dues	250	250	100	(150)
Contractual services	200	200	836	636
Gas and oil	3,000	3,000	4,085	1,085
Repairs and maintenance	2,000	2,000	1,530	(470)
Education and training	750	750	682	(68)
Medical	5,000	5,000	4,742	(258)
Miscellaneous	200	200	180	(20)
Capital outlay	500	500	877	377
TOTAL EXPENDITURES	73,950	73,950	78,475	4,525
REVENUES OVER (UNDER) EXPENDITURES	(40,800)	(40,800)	(41,832)	(1,032)
OTHER FINANCING SOURCES (USES)				
Transfer in	32,600	32,600	42,860	10,260
NET CHANGE IN FUND BALANCE	(8,200)	(8,200)	1,028	9,228
FUND BALANCE, BEGINNING OF YEAR	9,855	9,855	9,855	-
FUND BALANCE, END OF YEAR	\$ 1,655	\$ 1,655	\$ 10,883	\$ 9,228

The accompanying notes are an integral part of these financial statements.

SPAULDING TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CASS RIVER DIKE FUND
FOR THE YEAR ENDED MARCH 31, 2006

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Special assesments	\$ 22,500	\$ 22,500	\$ 19,269	\$ (3,231)
Interest	450	450	1,611	1,161
TOTAL REVENUES	22,950	22,950	20,880	(2,070)
EXPENDITURES				
Fees and per diem	4,380	4,380	4,915	535
Operating supplies	50	50	-	(50)
Professional services	3,000	3,000	3,050	50
Contractual services	-	-	4,200	4,200
Miscellaneous	-	-	26	26
TOTAL EXPENDITURES	7,430	7,430	12,191	4,761
REVENUES OVER (UNDER) EXPENDITURES	15,520	15,520	8,689	(6,831)
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	420	420
NET CHANGE IN FUND BALANCE	15,520	15,520	9,109	(6,411)
FUND BALANCE, BEGINNING OF YEAR	47,669	47,669	47,669	-
FUND BALANCE, END OF YEAR	\$ 63,189	\$ 63,189	\$ 56,778	\$ (6,411)

The accompanying notes are an integral part of these financial statements.

**SPAULDING TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
MARCH 31, 2006**

	ENTERPRISE			
	WATER DISTRICT 1	WATER DISTRICT 2	SEWER	TOTAL
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	\$ 104,579	\$ 61,204	\$ 213,835	\$ 379,618
Cash at the County	-	1,009	38	1,047
Investments	45,000	85,000	-	130,000
Special assessment receivable - delinquent	3,777	1,107	7,949	12,833
Accounts receivable - water billings	22,410	29,738	21,676	73,824
Accounts receivable - other	789	581	21	1,391
Inventory - supplies	1,232	1,232	-	2,464
Prepaid items - bond payment	-	18,077	-	18,077
TOTAL CURRENT ASSETS	177,787	197,948	243,519	619,254
LONG-TERM ASSETS				
Special assessments receivable	-	94,029	414,306	508,335
CAPITAL ASSETS				
Land	-	500	-	500
Property, plant and equipment	249,634	1,268,072	1,096,282	2,613,988
Less accumulated depreciation	(188,837)	(595,671)	(149,128)	(933,636)
TOTAL CAPITAL ASSETS	60,797	672,901	947,154	1,680,852
<u>TOTAL ASSETS</u>	238,584	964,878	1,604,979	2,808,441
<u>LIABILITIES</u>				
CURRENT LIABILITIES				
Accounts payable	2,869	3,175	32,138	38,182
Accrued liabilities	2,494	2,494	-	4,988
Due to other funds	-	14,254	-	14,254
Current portion of contracts payable	-	17,599	12,000	29,599
TOTAL CURRENT LIABILITIES	5,363	37,522	44,138	87,023
LONG-TERM LIABILITIES				
Contracts payable	-	158,490	513,000	671,490
TOTAL LIABILITIES	5,363	196,012	557,138	758,513
NET ASSETS				
Investment in capital assets, net of related debt	60,797	496,812	422,154	979,763
Unrestricted	172,424	272,054	625,687	1,070,165
<u>TOTAL NET ASSETS</u>	\$ 233,221	\$ 768,866	\$ 1,047,841	\$ 2,049,928

The accompanying notes are an integral part of these financial statements.

**SPAULDING TOWNSHIP
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2006**

	ENTERPRISE			
	WATER DISTRICT 1	WATER DISTRICT 2	SEWER	TOTAL
OPERATING REVENUES				
Service charges	\$ 112,528	\$ 116,722	\$ 107,553	\$ 336,803
Penalties	2,435	1,668	1,731	5,834
Connection fees	-	7,700	4,093	11,793
Hydrant rentals	3,380	5,390	-	8,770
Miscellaneous	3,559	12,671	433	16,663
TOTAL OPERATING REVENUES	121,902	144,151	113,810	379,863
OPERATING EXPENSES				
Salaries and wages	35,279	41,464	8,360	85,103
Office supplies	934	1,253	151	2,338
Operating supplies	2,336	5,253	139	7,728
Telephone and communication	174	217	43	434
Contractual services	1,707	5,074	3,920	10,701
Audit	1,512	1,890	378	3,780
Purchased water	35,093	43,912	80,436	159,441
Repairs and maintenance	3,765	3,615	288	7,668
Office rental	2,000	2,500	500	5,000
Miscellaneous	248	639	1,191	2,078
Depreciation	2,820	40,293	27,062	70,175
TOTAL OPERATING EXPENSES	85,868	146,110	122,468	354,446
OPERATING INCOME (LOSS)	36,034	(1,959)	(8,658)	25,417
NON-OPERATING REVENUES (EXPENSES)				
Special assessments	-	58,987	16,123	75,110
Interest income	4,330	4,584	5,076	13,990
Interest expense	-	(6,805)	(23,895)	(30,700)
Agent fees	-	(630)	-	(630)
TOTAL NON-OPERATING REVENUES (EXPENSES)	4,330	56,136	(2,696)	57,770
CHANGE IN NET ASSETS	40,364	54,177	(11,354)	83,187
NET ASSETS, BEGINNING OF YEAR, AS RESTATED	192,857	714,689	1,059,195	1,966,741
NET ASSETS, END OF YEAR	\$ 233,221	\$ 768,866	\$ 1,047,841	\$ 2,049,928

The accompanying notes are an integral part of these financial statements.

**SPAULDING TOWNSHIP
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2006**

	ENTERPRISE			
	WATER DISTRICT 1	WATER DISTRICT 2	SEWER	TOTAL
Cash flows from operating activities				
Cash received from customers	\$ 116,345	\$ 98,978	\$ 121,083	\$ 336,406
Cash payments to employees	(35,901)	(42,086)	(8,360)	(86,347)
Cash payments to suppliers for goods and services	(47,298)	(63,272)	(67,548)	(178,118)
Net cash provided (used) by operating activities	33,146	(6,380)	45,175	71,941
Cash flows from capital and related financing activities				
Special assessments	-	58,987	16,123	75,110
Principal paid on bonds	-	(15,000)	(12,000)	(27,000)
Interest paid on bonds	-	(6,805)	(23,895)	(30,700)
Agent fees paid on bonds	-	(630)	-	(630)
Proceeds from installment contract	-	56,089	-	56,089
Acquisition and construction of capital assets	-	(69,326)	-	(69,326)
Net cash provided (used) by capital and related financing activities	-	23,315	(19,772)	3,543
Cash flows from investing activities				
Interest received	4,330	4,584	5,076	13,990
Cash and cash equivalents, beginning of year	67,103	40,694	183,394	291,191
Cash and cash equivalents, end of year	\$ 104,579	\$ 62,213	\$ 213,873	\$ 380,665
Non-cash investing, capital and financing transactions				
All dividends and interest income were immediately reinvested in the cash management funds.				
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 36,034	\$ (1,959)	\$ (8,658)	\$ 25,417
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	2,820	40,293	27,062	70,175
Changes in assets and liabilities which increase (decrease) cash:				
Receivables	(5,557)	(45,173)	7,273	(43,457)
Inventories	989	989	-	1,978
Prepaid cost and other assets	-	887	-	887
Accounts payable	(518)	(795)	19,498	18,185
Accrued and other liabilities	(622)	(622)	-	(1,244)
Net cash provided (used) by operating activities	\$ 33,146	\$ (6,380)	\$ 45,175	\$ 71,941

The accompanying notes are an integral part of these financial statements.

<u>ASSETS</u>		<u>TOTAL</u>
Cash and cash equivalents		\$ 9,403
<u>LIABILITIES</u>		
LIABILITIES		
Accrued liabilities		\$ 341
Due to governmental units		9,062
<u>TOTAL LIABILITIES</u>		<u>\$ 9,403</u>

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SPAULDING TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Spaulding Township (the “Township”), conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant policies:

A. REPORTING ENTITY

The Township has determined that no entities should be consolidated into its financial statements as component units. The criteria for including a component unit includes significant operational or financial relationships with the Township. Therefore, the reporting entity consists only of the primary government.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements; the agency funds use the accrual basis of accounting, but do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

SPAULDING TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or within one year for reimbursement – based grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *police fund* accounts for the collection of a separate tax millage that is used to fund the operations of the Township police department.

The *Cass River dike fund* accounts for the collection of special assessments that is used to maintain the dike on the Cass River boundary.

The government reports the following major proprietary funds:

The *water district 1 fund* accounts for the activities of the government's water distribution and treatment system for district 1.

The *water district 2 fund* accounts for the activities of the government's water distribution and treatment system for district 2.

The *sewer fund* accounts for the activities of the government's sewage disposal system.

Additionally, the Township reports the following fund types:

Agency funds are used to account for assets held for other governments in an agency capacity, including tax collections.

SPAULDING TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water / sewer district 1 and water district 2 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of operation and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. DEPOSITS AND INVESTMENTS

All short-term investments that are highly liquid and have an original maturity of three months or less are considered to be cash equivalents.

Investments are stated at fair value.

SPAULDING TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

2. RECEIVABLES AND PAYABLES

All receivables and payables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

3. INVENTORY AND PREPAIDS

Inventory maintained by the Enterprise Funds is valued at cost using the first-in, first-out method. Inventory of expendable supplies in other funds has not been recorded and any amount of any such inventory is not considered material. The cost value of such inventory was recorded as an expenditure at the time of purchase.

Certain payments made to vendors are for services applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4. RESTRICTED ASSETS

Restricted assets are assets that have been set aside for future purposes in the General Fund and water district 1, water district 2 and sewer funds.

5. CAPITAL ASSETS

Capital assets, which include property, plant, equipment and vehicles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

SPAULDING TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

Major outlays for capital assets and improvements are capitalized as projects when constructed. Capital assets of the Township are depreciated using the straight line method over the following estimated useful lives:

Buildings	30-75 years
Equipment	5-20 years
Vehicles	4-20 years

6. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. FUND EQUITY

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETS AND BUDGETARY ACCOUNTING

Comparisons to budget are presented for the General Fund and Special Revenue Funds. The operating budget is adopted by activity for the General Fund and by activity for the Special Revenue funds. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Any revisions that alter the total expenditures of any fund must be approved by the Township Board. Budgeted amounts are as originally adopted, or as amended by the Township Board.

SPAULDING TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS FOR BUDGETARY FUNDS

The Township had funds with expenditures exceeding budgeted appropriations at the activity level, which is the Township's legal level of budgetary control for the year ended March 31, 2006.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
GENERAL FUND			
General government			
Supervisor	\$ 14,235	\$ 14,318	\$ (83)
Elections	1,275	6,124	(4,849)
Board of Review	2,650	2,883	(233)
Treasurer	14,235	14,318	(83)
Planning and zoning	16,825	22,594	(5,769)
Recreation and culture			
Parks	15,975	16,997	(1,022)
Transfers out	32,600	44,029	(11,429)
POLICE FUND			
Public Safety	73,950	78,475	(4,525)
CASS RIVER DIKE FUND			
Public Works	7,430	12,191	(4,761)

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown in the financial statements to the Township's deposits and investments is as follows:

	<u>Total</u>
Government-wide Financial Statement Captions:	
Primary Government:	
Cash and cash equivalents	\$ 765,762
Investments	134,000
Restricted assets - cash and cash equivalents	9,052
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	<u>9,403</u>
	<u>\$ 918,217</u>
Notes to Financial Statements:	
Deposits	\$ 918,117
Cash on hand	<u>100</u>
Total	<u>\$ 918,217</u>

SPAULDING TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

Investment and deposit risk:

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Township's investment policy does not have specific limits in excess of state law on investment credit risk. The Township has no investments for which ratings are required.

Custodial credit risk deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year end, \$479,120 of the Township's bank balance of \$699,623 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The Township is authorized by statute to invest surplus funds in the following:

- ◆ Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- ◆ Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- ◆ Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- ◆ In banker's acceptances of United States banks.
- ◆ Obligations of the State of Michigan and its political subdivisions that, at the time of purchase, are rated as investment grade by at least one standard rating service.
- ◆ Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- ◆ External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

SPAULDING TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

The Township Board is authorized to designate depositories for Township funds, and to determine that the funds are invested in accordance with State of Michigan statutory authority.

The Township's deposits are in accordance with statutory authority.

B. RECEIVABLES

Receivables in the primary government are as follows:

	Governmental Activities	Business-type Activities
Taxes	\$ 11,786	\$ -
Accounts	3,046	75,215
Special assessments		
Due within one year	20,184	12,833
Due after one year	64,909	508,335
Intergovernmental	28,692	-
Total	<u>\$ 128,617</u>	<u>\$ 596,383</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Special assessments receivable (Cass River Dike Fund)	<u>\$ 53,189</u>

SPAULDING TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

C. CAPITAL ASSETS

Capital assets activity for the year ended March 31, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 53,131	\$ -	\$ -	\$ 53,131
Capital assets being depreciated:				
Buildings	444,575	-	-	444,575
Equipment	78,930	7,500	-	86,430
Vehicles	<u>281,475</u>	<u>-</u>	<u>-</u>	<u>281,475</u>
Total capital assets being depreciated	<u>804,980</u>	<u>7,500</u>	<u>-</u>	<u>812,480</u>
Less accumulated depreciation				
Buildings	(96,687)	(6,962)	-	(103,649)
Equipment	(32,480)	(7,165)	-	(39,645)
Vehicles	<u>(156,725)</u>	<u>(16,590)</u>	<u>-</u>	<u>(173,315)</u>
Total accumulated depreciation	<u>(285,892)</u>	<u>(30,717)</u>	<u>-</u>	<u>(316,609)</u>
Total capital assets being depreciated, net	<u>519,088</u>	<u>(23,217)</u>	<u>-</u>	<u>495,871</u>
Governmental activities capital assets, net	<u>\$ 572,219</u>	<u>\$ (23,217)</u>	<u>\$ -</u>	<u>\$ 549,002</u>

SPAULDING TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

Business-type activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets not being not being depreciated:				
Land	\$ 500	\$ -	\$ -	\$ 500
Construction in progress	<u>40,396</u>	<u>69,326</u>	<u>(109,722)</u>	<u>-</u>
Total capital assets not being depreciated	<u>40,896</u>	<u>69,326</u>	<u>(109,722)</u>	<u>500</u>
Capital assets being depreciated:				
Buildings	18,375	\$ -	\$ -	18,375
Mains	2,444,526	109,722	-	2,554,248
Equipment	<u>41,365</u>	<u>-</u>	<u>-</u>	<u>41,365</u>
Total capital assets being depreciated	<u>2,504,266</u>	<u>109,722</u>	<u>-</u>	<u>2,613,988</u>
Less accumulated depreciation				
Buildings	(1,836)	(459)	-	(2,295)
Mains	(834,642)	(66,717)	-	(901,359)
Equipment	<u>(26,983)</u>	<u>(2,999)</u>	<u>-</u>	<u>(29,982)</u>
Total accumulated depreciation	<u>(863,461)</u>	<u>(70,175)</u>	<u>-</u>	<u>(933,636)</u>
Total capital assets being depreciated, net	<u>1,640,805</u>	<u>39,547</u>	<u>-</u>	<u>1,680,352</u>

Business-type activities

capital assets, net	<u>\$ 1,681,701</u>	<u>\$ 108,873</u>	<u>\$(109,722)</u>	<u>\$ 1,680,852</u>
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 9,116
Public safety	17,312
Recreation and culture	<u>4,289</u>

Total depreciation expense – governmental activities \$ 30,717

Business-type activities:

Water District 1	\$ 2,820
Water District 2	40,293
Sewer	<u>27,062</u>

Total depreciation expense – business-type activities \$ 70,175

SPAULDING TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

D. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

<u>Due To</u>	<u>Due From</u> <u>Water District 2</u>
General Fund	\$ 14,254

The balance is a result of a time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

<u>Transfers from</u>	<u>Transfers to</u>			
	Police	Cass River Dike	Nonmajor Governmental Funds	Total
General Fund	\$ 42,860	\$ 420	\$ 749	\$ 44,029

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

E. LONG-TERM DEBT

Changes in long-term debt

Long term activity for the year ended March 31, 2006 was as follows:

	<u>Balance April 1, 2005</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance March 31, 2006</u>	<u>Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Installment Contracts					
Township complex – maturing through March 31, 2006, bearing interest of 6.0%	\$ 25,993	\$ -	\$ (25,993)	\$ -	\$ -

SPAULDING TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

	<u>Balance April 1, 2005</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance March 31, 2006</u>	<u>Due Within One Year</u>
BUSINESS-TYPE ACTIVITIES					
Contracts payable					
Water District 2 extension, maturing through April 1, 2013 with interest of 2.4% to 2.9%.	\$ 135,000	\$ -	\$ (15,000)	\$ 120,000	\$ 15,000
Sewer extension, maturing through June 1, 2030 with interest at 4.5%	537,000	-	(12,000)	525,000	12,000
Water District 2 Curtis Road Extension, maturing through May 15, 2020 with interest at 5.0%	-	56,089	-	56,089	2,599
Business-type activities					
Long-term liabilities	<u>\$ 672,000</u>	<u>\$ 56,089</u>	<u>\$ (27,000)</u>	<u>\$ 701,089</u>	<u>\$ 29,599</u>

Contracts payable currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type activities	2.4 – 5.0%	\$ 701,089

Annual debt service requirements to maturity for contracts payable are as follows:

<u>Year Ending March 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 29,599	\$ 32,313
2008	30,729	30,830
2009	30,866	29,306
2010	31,009	27,760
2011	32,160	26,177
2012-2016	144,331	107,200
2017-2021	123,395	78,098
2022-2026	125,000	49,162
2027-2031	<u>154,000</u>	<u>17,865</u>
Total	<u>\$ 701,089</u>	<u>\$398,711</u>

SPAULDING TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

IV. OTHER INFORMATION

A. DEFINED CONTRIBUTION BENEFIT PLAN

The Spaulding Township Group Pension Plan is a defined contribution pension plan established by the Township Board and administered by Manulife Financial, a third party, to provide benefits at retirement to eligible employees. The following persons are eligible to participate in the plan: Township Board Members, Water Supervisor, Township Secretary, Water Assistant Supervisor, Police Officers, Fire Chief and Hall Custodian. At March 31, 2006, all 13 eligible persons were plan members.

Employees are required to contribute 5% of gross wages but have the option of contributing up to 100%. The Township is required to contribute 10% of the employee's base salary.

Contributions made by an employee vest immediately and contributions made by the Township vest after 2 years of full-time employment. An employee who leaves the employment of the Township is entitled to his or her contributions and the Township's contributions if vesting requirements are satisfied, plus interest earned.

Plan provisions and contribution requirements are established and may be amended by the Township Board.

During the year, the Township's required and actual contributions amounted to \$19,277. Employees made contributions amounting to \$15,630 to the Plan.

B. PROPERTY TAXES

Township property taxes are attached as an enforceable lien on property as of December 1. Taxes are levied December 1 and are due without penalty on or before February 14. These tax bills include the Township's own property taxes and taxes billed on behalf of Saginaw County and the school districts within the Township boundaries.

Real property taxes not collected as of March 1 are turned over to Saginaw County for collection, which advances the Township 100% for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

SPAULDING TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

C. PRIOR PERIOD ADJUSTMENTS

During the year ended March 31, 2006, a prior period adjustment in the amount of \$6,709 was necessary to properly account for overstatement of capital assets at March 31, 2005 in the Government Wide Statement of Net Assets. The effect on the net assets was as follows:

Net assets, beginning of year, as previously stated	\$ 1,050,345
Prior period adjustments Capital assets	<u>(6,709)</u>
Net assets, beginning of year, as restated	<u>\$ 1,043,636</u>

D. COMMITMENTS AND CONTINGENCIES

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2006, the Township carried commercial insurance to cover all risks of losses. The Township has had no settled claims resulting from these risks that exceeded their commercial coverage in any of the past three fiscal years.

E. RESTATEMENT OF FUNDS

Within the proprietary type funds, the activity previously recorded in the Water/Sewer District 1 fund is now reported separately as the Water District 1 and Sewer funds.

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SUPPLEMENTARY INFORMATION

**SPAULDING TOWNSHIP
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
TAXES				
General property taxes	\$ 33,000	\$ 33,000	\$ 35,550	\$ 2,550
Special assessments	128,500	128,500	139,338	10,838
Payment in lieu of taxes	26,000	26,000	5,501	(20,499)
Property tax administration fee	16,700	16,700	16,241	(459)
TOTAL TAXES	204,200	204,200	196,630	(7,570)
LICENSES AND PERMITS				
Building permits	8,000	8,000	3,818	(4,182)
Cable TV franchise	42,000	42,000	42,206	206
Miscellaneous licenses and permits	355	355	281	(74)
TOTAL LICENSES AND PERMITS	50,355	50,355	46,305	(4,050)
FEDERAL GRANTS				
Help America Vote Act	-	-	4,800	4,800
STATE GRANTS				
Sales tax	182,000	182,000	181,572	(428)
Liquor license	740	740	769	29
TOTAL STATE GRANTS	182,740	182,740	182,341	(399)
INTEREST ON INVESTMENTS	3,700	3,700	8,119	4,419
OTHER REVENUE				
Charges for services	3,200	3,200	3,160	(40)
Fines and forfeits	50	50	110	60
Rent	17,000	17,000	17,977	977
Refunds and reimbursements	2,500	2,500	3,070	570
Other	8,000	8,000	9,797	1,797
TOTAL OTHER REVENUE	30,750	30,750	34,114	3,364
TOTAL REVENUES	\$ 471,745	\$ 471,745	\$ 472,309	\$ 564

**SPAULDING TOWNSHIP
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
LEGISLATIVE				
Township Board:				
Fees and per diem	\$ 5,000	\$ 5,000	\$ 3,750	\$ (1,250)
Fringe benefits	8,425	8,425	8,692	267
Supplies	3,600	3,600	2,420	(1,180)
Memberships and dues	8,000	8,000	5,801	(2,199)
Insurance	27,000	27,000	27,849	849
Legal expense	2,000	2,000	100	(1,900)
Audit	6,100	6,100	6,620	520
Printing and publishing	200	200	-	(200)
Training and education	100	100	-	(100)
Miscellaneous	1,550	1,550	1,545	(5)
TOTAL LEGISLATIVE	61,975	61,975	56,777	(5,198)
GENERAL GOVERNMENT				
Supervisor:				
Salaries and wages	12,100	12,100	12,170	70
Fringe benefits	2,135	2,135	2,148	13
Total Supervisor	14,235	14,235	14,318	83
Elections:				
Fees and per diem	1,000	1,000	678	(322)
Operating supplies	175	175	46	(129)
Contractual services	100	100	600	500
Capital outlay	-	-	4,800	4,800
Total Elections	1,275	1,275	6,124	4,849
Tax Administration:				
Operating supplies	500	500	84	(416)
Postage	1,000	1,000	1,454	454
Contractual services	38,300	38,300	17,643	(20,657)
Printing and publishing	500	500	1,024	524
Miscellaneous	2,100	2,100	4,074	1,974
Total Tax Administration	42,400	42,400	24,279	(18,121)

(Continued)

**SPAULDING TOWNSHIP
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
GENERAL GOVERNMENT (CONTINUED)				
Clerk:				
Salaries and wages	\$ 6,500	\$ 6,500	\$ 6,500	\$ -
Fringe benefits	1,150	1,150	1,147	(3)
Total Clerk	7,650	7,650	7,647	(3)
Board of Review:				
Fees and per diem	2,500	2,500	2,840	340
Printing and publishing	150	150	43	(107)
Total Board of Review	2,650	2,650	2,883	233
Treasurer:				
Salaries and wages	12,100	12,100	12,170	70
Fringe benefits	2,135	2,135	2,148	13
Total Treasurer	14,235	14,235	14,318	83
Township Office:				
Salaries and wages	27,200	27,200	22,460	(4,740)
Fringe benefits	4,920	4,920	3,896	(1,024)
Operating supplies	1,000	1,000	812	(188)
Postage	200	200	454	254
Contractual services	2,300	2,300	2,292	(8)
Repairs and maintenance	900	900	-	(900)
Miscellaneous	100	100	21	(79)
Capital outlay	1,030	1,030	135	(895)
Total Township Office	37,650	37,650	30,070	(7,580)

(Continued)

**SPAULDING TOWNSHIP
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
GENERAL GOVERNMENT (CONTINUED)				
Building and Grounds:				
Salaries and wages	\$ 15,200	\$ 15,200	\$ 14,750	\$ (450)
Fees and per diem	-	-	900	900
Fringe benefits	2,400	2,400	2,599	199
Operating supplies	1,125	1,125	1,336	211
Contractual services	2,300	2,300	2,242	(58)
Telephone	4,250	4,250	4,295	45
Public utilities	13,000	13,000	14,915	1,915
Repairs and maintenance	8,600	8,600	5,983	(2,617)
Miscellaneous	200	200	69	(131)
Capital outlay	850	850	795	(55)
Total Building and Grounds	47,925	47,925	47,884	(41)
Planning and Zoning:				
Salaries and wages	3,300	3,300	3,749	449
Fees and per diem	5,000	5,000	7,221	2,221
Supplies	325	325	110	(215)
Contractual	4,000	4,000	628	(3,372)
Printing and publishing	600	600	900	300
Legal expense	2,000	2,000	8,464	6,464
Miscellaneous	1,600	1,600	1,522	(78)
Total Planning and Zoning	16,825	16,825	22,594	5,769
Cemetery:				
Salaries and wages	6,250	6,250	6,178	(72)
Fringe benefits	685	685	706	21
Supplies	200	200	65	(135)
Contractual services	700	700	265	(435)
Repair and maintenance	100	100	27	(73)
Miscellaneous	250	250	150	(100)
Total Cemetery	8,185	8,185	7,391	(794)
TOTAL GENERAL GOVERNMENT	193,030	193,030	177,508	(15,522)

(Continued)

**SPAULDING TOWNSHIP
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
RECREATION AND CULTURE				
Parks:				
Salaries and wages	\$ 6,200	\$ 6,200	\$ 8,825	\$ 2,625
Fringe benefits	575	575	666	91
Supplies	1,700	1,700	1,994	294
Contracted services	500	500	596	96
Repairs and maintenance	1,500	1,500	1,721	221
Capital outlay	3,500	3,500	2,242	(1,258)
Miscellaneous	2,000	2,000	953	(1,047)
TOTAL RECREATION AND CULTURE	15,975	15,975	16,997	1,022
PUBLIC WORKS				
Highway and streets:				
Roads	20,000	20,000	11,330	(8,670)
Drains at large	14,000	14,000	15,127	1,127
Street lighting	14,000	14,000	13,618	(382)
Total Highway and streets	48,000	48,000	40,075	(7,925)
SANITATION				
Refuse collection	109,000	109,000	96,723	(12,277)
TOTAL PUBLIC WORKS	157,000	157,000	136,798	(20,202)
DEBT SERVICE				
Principal	27,000	27,000	25,993	(1,007)
Interest	1,500	1,500	978	(522)
TOTAL DEBT SERVICE	28,500	28,500	26,971	(1,529)
TOTAL EXPENDITURES	\$ 456,480	\$ 456,480	\$ 415,051	\$ (41,429)

**SPAULDING TOWNSHIP
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
MARCH 31, 2006**

		SPECIAL REVENUE FUNDS		
		FIRE FUND	HISTORICAL SOCIETY	TOTAL
<u>ASSETS</u>				
Cash and cash equivalents	\$	43,421	\$ 6,638	\$ 50,059
Investments		-	4,000	4,000
Taxes receivable - delinquent		3,595	-	3,595
Accounts receivable		161	856	1,017
<u>TOTAL ASSETS</u>	\$	47,177	\$ 11,494	\$ 58,671
<u>LIABILITIES AND FUND EQUITY</u>				
LIABILITIES				
Accounts payable	\$	601	\$ -	\$ 601
Accrued liabilities		896	-	896
<u>TOTAL LIABILITIES</u>		1,497	-	1,497
FUND EQUITY				
Fund balances:				
Unreserved:				
Undesignated		45,680	11,494	57,174
<u>TOTAL FUND EQUITY</u>		45,680	11,494	57,174
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	\$	47,177	\$ 11,494	\$ 58,671

SPAULDING TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	FIRE			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Taxes	\$ 33,000	\$ 33,000	\$ 35,928	\$ 2,928
Federal grant	5,000	5,000	5,000	-
Local grant	5,000	5,000	250	(4,750)
Refunds and reimbursements	2,500	2,500	3,250	750
Interest	500	500	1,226	726
Other revenue	50	50	5	(45)
TOTAL REVENUES	46,050	46,050	45,659	(391)
EXPENDITURES				
Salaries and wages	4,000	4,000	3,744	(256)
Fees and per diem	2,700	2,700	2,625	(75)
Fringe benefits	1,025	1,025	1,124	99
Operating supplies	5,000	5,000	3,225	(1,775)
Uniforms	3,000	3,000	4,056	1,056
Memberships and dues	200	200	55	(145)
Contractual services	500	500	-	(500)
Central communication	3,000	3,000	1,859	(1,141)
Gas and oil	1,000	1,000	367	(633)
Insurnace	600	600	408	(192)
Repair and maintenance	5,600	5,600	3,939	(1,661)
Education and training	2,500	2,500	365	(2,135)
Miscellaneous	2,850	2,850	2,600	(250)
Capital outlay	27,600	27,600	17,530	(10,070)
TOTAL EXPENDITURES	59,575	59,575	41,897	(17,678)
REVENUES OVER (UNDER) EXPENDITURES	(13,525)	(13,525)	3,762	17,287
OTHER FINANCING SOURCES				
Transfer in	-	-	749	749
NET CHANGE IN FUND BALANCES	(13,525)	(13,525)	4,511	18,036
FUND BALANCE, BEGINNING OF YEAR	41,169	41,169	41,169	-
FUND BALANCE, END OF YEAR	\$ 27,644	\$ 27,644	\$ 45,680	\$ 18,036

HISTORICAL SOCIETY				
ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET	
\$ -	\$ -	\$ -	\$ -	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
100	100	429	329	
-	-	-	-	-
100	100	429	329	
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
100	100	429	329	
-	-	-	-	-
100	100	429	329	
11,065	11,065	11,065	-	
\$ 11,165	\$ 11,165	\$ 11,494	\$ 329	

SPAULDING TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2006

	TOTAL			
	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Taxes	\$ 33,000	\$ 33,000	\$ 35,928	\$ 2,928
Federal grant	5,000	5,000	5,000	-
Local grant	5,000	5,000	250	(4,750)
Refunds and reimbursements	2,500	2,500	3,250	750
Interest	600	600	1,655	1,055
Other revenue	50	50	5	(45)
TOTAL REVENUES	46,150	46,150	46,088	(62)
EXPENDITURES				
Salaries and wages	4,000	4,000	3,744	(256)
Fees and per diem	2,700	2,700	2,625	(75)
Fringe benefits	1,025	1,025	1,124	99
Operating supplies	5,000	5,000	3,225	(1,775)
Uniforms	3,000	3,000	4,056	1,056
Memberships and dues	200	200	55	(145)
Central communication	3,000	3,000	1,859	(1,141)
Gas and oil	1,000	1,000	367	(633)
Insurnace	600	600	408	(192)
Repair and maintenance	5,600	5,600	3,939	(1,661)
Education and training	2,500	2,500	365	(2,135)
Miscellaneous	2,850	2,850	2,600	(250)
Capital outlay	27,600	27,600	17,530	(10,070)
TOTAL EXPENDITURES	59,075	59,075	41,897	(17,178)
REVENUES OVER (UNDER) EXPENDITURES	(12,925)	(12,925)	4,191	17,116
OTHER FINANCING SOURCES				
Transfer in	-	-	749	749
NET CHANGE IN FUND BALANCES	(12,925)	(12,925)	4,940	17,865
FUND BALANCE, BEGINNING OF YEAR	52,234	52,234	52,234	-
FUND BALANCE, END OF YEAR	\$ 39,309	\$ 39,309	\$ 57,174	\$ 17,865

**SPAULDING TOWNSHIP
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2006**

	<u>AGENCY FUNDS</u>		
	TAX COLLECTION FUND	PAYROLL IMPREST	TOTAL
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1	\$ 9,402	\$ 9,403
<u>LIABILITIES</u>			
LIABILITIES			
Accrued liabilities	\$ -	\$ 341	\$ 341
Due to governmental units	1	9,061	9,062
<u>TOTAL LIABILITIES</u>	\$ 1	\$ 9,402	\$ 9,403